COMPOSITION

Composition of the National Manufacturing Competitiveness Council consists of Chairman in the rank of Cabinet Minister. 24 Members to the Commission from various fields including senior Government functionaries, Professionals, representatives from Apex Industrial Organizations and various industrial sectors have been appointed vide Notification dated 25th November, 2004, besides Member Secretary in the rank of Secretary to the Government of India.

FUNCTIONS

The National Manufacturing Competitiveness Council (NMCC) will advise the Government on industrial and sector specific initiatives that may be required for enhancing competitiveness of industries which would include sectoral and enterprise level initiatives, innovation and technology development (R&D), entrepreneurship promotion, infrastructure and enabling facilities, trade and fiscal policies and employment generation.

Foreign Companies Operating Business in India

773. PROF. M.M. AGARWAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the number of foreign companies operating their business in various States of the country as on 31 st January, 2005;

(b) the areas in which the said companies have entered into an agreement with our country for operating their business during the last three years together with the conditions laid for such contact; and

(c) the role of these foreign companies in giving suitable benefits to the common people of the country?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) Foreign companies operate in India as Branch/Liaison Offices for the activities specified in the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000. They can also establish Wholly Owned Subsidiaries (WOS)/Joint Venture (JV) in terms of the FDI Policy. However in such cases the WOS/JV is treated as an Indian Company.

The Reserve Bank of India has, as on January 31,2005, permitted 601 companies incorporated outside India to establish Branch Office, and 5794

†Original notice of the Question was received in Hindi.

Companies incorporated outside India to open Liaison Offices in India. The number of Indian Companies with FDI for the period January 1,1991 to January 31, 2005 is 9248.

(b) Under the liberalised economic environment, investment decisions, including the choice of location and sector, are taken by the entrepreneur based on their commercial judgment and other considerations. Main sectors receiving Foreign Direct Investment, during the last three years, include electrical equipments including computer software; fuels including power and oil refinery; transportation industry, telecommunication, drugs and pharmaceuticals; metallurgical industry, chemicals and food processing industries.

(c) Government's policy initiatives, including the policy on Foreign Direct Investment, are aimed at creating an enabling environment promoting modernization and technological upgradation, productivity, efficiency and enhancing exports and competitiveness of Indian industry, thereby benefiting the economy in terms of growth, technological advancement and employment generation.

Interpretation of Press Note No. 18

774. SHRIMATI BIMBA RAIKAR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the revised norms pertaining to Press Note No. 18 still remains ambiguous and open to contradictory interpretations with the words "Same Field' and 'Defunct' etc;

(b) whether under the revised norms, all activities within automobile as a sector would be considered 'Similar[1] or would go into product categorisation as per national Industrial Classification Code; and

(c) with the BIFR going to be defunct soon, how the status of many undertakings under BIFR as 'Defunct' or 'Sick' can be declared?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) to (c) Government has, *vide* Press Note 1 (2005 series), issued fresh guidelines for approval of foreign/technical collaborations under the automatic route with previous venture/tie up in India. There is no ambiguity in the revised guidelines. According to these guidelines, prior Government approval through FIPB would be required only in cases where the foreign investor has an existing joint venture or technology transfer/trademark agreement in the 'same' field. The Government had *vide* Press Note 10